

qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms and to allow States to enter into compacts to recognize other States' concealed weapons permits.

S. 751

At the request of Mr. LEAHY, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 751, a bill to combat nursing home fraud and abuse, increase protections for victims of telemarketing fraud, enhance safeguards for pension plans and health care benefit programs, and enhance penalties for crimes against seniors, and for other purposes.

S. 770

At the request of Mr. CONRAD, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 770, a bill to provide reimbursement under the medicare program for telehealth services, and for other purposes.

S. 784

At the request of Mr. ROCKEFELLER, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 784, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 894

At the request of Mr. CLELAND, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 894, a bill to amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes.

S. 1016

At the request of Mr. DEWINE, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 1016, a bill to provide collective bargaining for rights for public safety officers employed by States or their political subdivisions.

S. 1017

At the request of Mr. MACK, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1017, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on the low-income housing credit.

S. 1041

At the request of Mr. FRIST, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1041, a bill to amend title 38, United States Code, to permit certain members of the Armed Forces not currently participating in the Montgomery GI Bill educational assistance program to participate in that program, and for other purposes.

S. 1172

At the request of Mr. TORRICELLI, the names of the Senator from Alabama (Mr. SHELBY), and the Senator from

South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 1172, a bill to provide a patent term restoration review procedure for certain drug products.

S. 1187

At the request of Mr. DORGAN, the names of the Senator from Idaho (Mr. CRAPO), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1197

At the request of Mr. ROTH, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1197, a bill to prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes.

S. 1211

At the request of Mr. BENNETT, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 1211, a bill to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner.

S. 1334

At the request of Mr. AKAKA, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 1334, a bill to amend chapter 63 of title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

S. 1414

At the request of Mr. MACK, the names of the Senator from North Carolina (Mr. HELMS), the Senator from Tennessee (Mr. FRIST), and the Senator from California (Mrs. FEINSTEIN) were added as cosponsors of S. 1414, a bill to amend title XVIII of the Social Security Act to restore access to home health services covered under the medicare program, and to protect the medicare program from financial loss while preserving the due process rights of home health agencies.

S. 1428

At the request of Mr. KOHL, his name was added as a cosponsor of S. 1428, a bill to amend the Controlled Substances Act and the Controlled Substances Import and Export Act relating to the manufacture, traffick, import, and export of amphetamine and methamphetamine, and for other purposes.

S. 1438

At the request of Mr. CAMPBELL, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1438, a bill to Enforcement Museum on Federal land in the District of Columbia.

S. 1443

At the request of Mr. HARKIN, the name of the Senator from Massachu-

setts (Mr. KENNEDY) was added as a cosponsor of S. 1443, a bill to amend section 10102 of the Elementary and Secondary Education Act of 1965 regarding elementary school and secondary school counseling.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Wisconsin (Mr. FEINGOLD) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 28

At the request of Mr. JEFFORDS, the names of the Senator from Georgia (Mr. CLELAND) and the Senator from North Dakota (Mr. CONRAD) were added as cosponsors of Senate Concurrent Resolution 28, a concurrent resolution urging the Congress and the President to increase funding for the Pell Grant Program and existing Campus-Based Aid Programs.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day".

SENATE RESOLUTION 99

At the request of Mr. REID, the names of the Senator from Georgia (Mr. COVERDELL), and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of Senate Resolution 99, a resolution designating November 20, 1999, as "National Survivors for Prevention of Suicide Day."

AMENDMENT NO. 1398

At the request of Mr. HAGEL his name was added as a cosponsor of amendment No. 1398 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

At the request of Mr. ABRAHAM the names of the Senator from Washington (Mr. GORTON), the Senator from Maine (Ms. COLLINS), and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of amendment No. 1398 proposed to S. 1429, supra.

AMENDMENTS SUBMITTED

TAXPAYERS REFUND ACT OF 1999

STEVENS AMENDMENT NO. 1403

(Ordered to lie on the table)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000; as follows:

At page 180, line 18 before the period insert the following new phrase: "and passengers

permitted to utilize otherwise empty seats on aircraft".

At page 180, between lines 21 and 22 insert the following new subsection:

"(b) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—Notwithstanding any other provision of this section, the term "no-additional-cost service" includes the value of transportation provided to any person on a noncommercially operated aircraft if—

"(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the taxpayer owning or leasing such aircraft for use in such trade or business,

(B) the flight on which the transportation is provided would have been made whether or not such person was transported on the flight, and

"(C) no substantial additional cost is incurred in providing such transportation to such person.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation thereon is not provided or made available to the general public by purchase of a ticket or other fare."

At page 180 line 22 strike "(b)" and insert in lieu thereof "(c)".

LANDRIEU AMENDMENT NO. 1404

(Ordered to lie on the table)

Ms. LANDRIEU submitted an amendment to be proposed by her to the bill, S. 1429, *supra*, as follows:

At the end of title II, insert the following:

SEC. ____ EXPANSION DEPENDENT TO INCLUDE SPECIAL NEEDS ADOPTED CHILDREN.

(a) IN GENERAL.—Section 152 (relating to definition of dependent) is amended by adding at the end the following new subsection:

"(f) SPECIAL RULE FOR SUPPORT RECEIVED FOR SPECIAL NEEDS ADOPTED CHILD.—For purposes of subsection (a), in the case of a legally adopted son or daughter of a taxpayer, who is a child with special needs (as defined in section 23(d)(3)), support of the child received from funds under a Federal, State, or local program for special needs expenses shall be treated as received from the taxpayer."

(b) CONFORMING AMENDMENT.—Section 152(a) is amended by striking "subsection (c) or (e)" and inserting "subsection (c), (e), or (f)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

GRAMM (AND OTHERS) AMENDMENT NO. 1405

Mr. GRAMM (for himself, Mr. LOTT, Mr. NICKLES, Mr. MACK, Mr. COVERDELL, Mr. CRAIG, Mr. MCCONNELL, Mr. INHOFE, Mrs. HUTCHISON, Mr. BUNNING, Mr. KYL, Mr. SMITH of New Hampshire, Mr. ALLARD, and Mr. HAGEL) proposed an amendment to the bill, S. 1429, *supra*; as follows:

Strike all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Refund Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is ex-

pressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—ACROSS-THE-BOARD TAX CUTS

Sec. 101. 10-percent reduction in individual income tax rates.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

Sec. 201. Marriage tax penalty elimination.

Sec. 202. Reduction in marriage tax penalty during transition.

Sec. 203. Marriage tax penalty relief for earned income credit.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

Sec. 301. Repeal of estate, gift, and generation-skipping taxes.

Sec. 302. Termination of step up in basis at death.

Sec. 303. Carryover basis at death.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

Sec. 311. Additional reductions of estate and gift tax rates.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

Sec. 321. Unified credit against estate and gift taxes replaced with unified exemption amount.

TITLE IV—CAPITAL FORMATION

Sec. 401. Indexing of capital assets for purposes of determining gain or loss.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

Sec. 501. Deduction for 100 percent of health insurance costs of self-employed individuals.

Sec. 502. Deduction for health insurance costs of individuals not participating in employer-subsidized health plans.

TITLE I—ACROSS-THE-BOARD TAX CUTS

SEC. 101. 10-PERCENT REDUCTION IN INDIVIDUAL INCOME TAX RATES.

(a) REGULAR INCOME TAX RATES.—

(1) IN GENERAL.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

"(8) RATE REDUCTIONS.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, each rate in such tables (without regard to this paragraph) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with the following table) of such rate:

"For taxable years beginning in calendar year—	The applicable percentage is—
2001	—
2002 through 2004	2.5
2005 through 2006	5.0
2007	—
2008 and thereafter	10.0."

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (B) of section 1(f)(2) is amended by inserting "except as provided in paragraph (8)," before "by not changing".

(B) Subparagraph (C) of section 1(f)(2) is amended by inserting "and the reductions

under paragraph (8) in the rates of tax" before the period.

(C) The heading for subsection (f) of section 1 is amended by inserting "RATE REDUCTIONS;" before "ADJUSTMENTS".

(D) Section 1(g)(7)(B)(ii)(II) is amended by striking "15 percent" and inserting "the percentage applicable to the lowest income bracket in subsection (c)".

(E) Subparagraphs (A)(ii)(I) and (B)(i) of section 1(h)(I) are each amended by striking "28 percent" and inserting "25.2 percent".

(F) Section 531 is amended by striking "39.6 percent of the accumulated taxable income" and inserting "the product of the accumulated taxable income and the percentage applicable to the highest income bracket in section 1(c)".

(G) Section 541 is amended by striking "39.6 percent of the undistributed personal holding company income" and inserting "the product of the undistributed personal holding company income and the percentage applicable to the highest income bracket in section 1(c)".

(H) Section 3402(p)(1)(B) is amended by striking "specified is 7, 15, 28, or 31 percent" and all that follows and inserting "specified is—

"(i) 7 percent,

"(ii) a percentage applicable to 1 of the 3 lowest income brackets in section 1(c), or

"(iii) such other percentage as is permitted under regulations prescribed by the Secretary."

(I) Section 3402(p)(2) is amended by striking "15 percent of such payment" and inserting "the product of such payment and the percentage applicable to the lowest income bracket in section 1(c)".

(J) Section 3402(q)(1) is amended by striking "28 percent of such payment" and inserting "the product of such payment and the percentage applicable to the next to the lowest income bracket in section 1(c)".

(K) Section 3402(r)(3) is amended by striking "31 percent" and inserting "the rate applicable to the third income bracket in such section".

(L) Section 3406(a)(1) is amended by striking "31 percent of such payment" and inserting "the product of such payment and the percentage applicable to the third income bracket in section 1(c)".

(b) MINIMUM TAX RATES.—Subparagraph (A) of section 55(b)(1) is amended by adding at the end the following new clause:

"(iv) RATE REDUCTION.—In the case of taxable years beginning after 2000, each rate in clause (i) (without regard to this clause) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with section 1(f)(8)) of such rate."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

SEC. 201. MARRIAGE TAX PENALTY ELIMINATION.

(a) IN GENERAL.—Subpart B of part II of subchapter A of chapter 61 (relating to income tax returns) is amended by inserting after section 6013 the following new section: "SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.

"(a) GENERAL RULE.—A husband and wife may make a combined return of income taxes under subtitle A under which—

"(1) a separate taxable income is determined for each spouse by applying the rules provided in this section, and

"(2) the tax imposed by section 1 is the aggregate amount resulting from applying the separate rates set forth in section 1(c) to each such taxable income.

“(b) DETERMINATION OF TAXABLE INCOME.—“(1) IN GENERAL.—For purposes of subsection (a)(1), the taxable income for each spouse shall be one-half of the taxable income computed as if the spouses were filing a joint return.

“(2) NONITEMIZERS.—For purposes of paragraph (1), if an election is made not to itemize deductions for any taxable year, the basic standard deduction shall be equal to the amount which is twice the basic standard deduction under section 63(c)(2)(C) for the taxable year.

“(c) TREATMENT OF CREDITS.—Credits shall be determined (and applied against the joint liability of the couple for tax) as if the spouses had filed a joint return.

“(d) TREATMENT AS JOINT RETURN.—Except as otherwise provided in this section or in the regulations prescribed hereunder, for purposes of this title (other than sections 1 and 63(c)) a combined return under this section shall be treated as a joint return.

“(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section.”

(b) UNMARRIED RATE MADE APPLICABLE.—So much of subsection (c) of section 1 as precedes the table is amended to read as follows:

“(c) SEPARATE OR UNMARRIED RETURN RATE.—There is hereby imposed on the taxable income of every individual (other than a married individual (as defined in section 7703) filing a joint return or a separate return, a surviving spouse as defined in section 2(a), or a head of household as defined in section 2(b)) a tax determined in accordance with the following table:”

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by inserting after the item relating to section 6013 the following:

“Sec. 6013A. Combined return with separate rates.”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 202. REDUCTION IN MARRIAGE TAX PENALTY DURING TRANSITION.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 25A the following new section:

“SEC. 25B. CREDIT TO REDUCE MARRIAGE PENALTY.

“(a) ALLOWANCE OF CREDIT.—In the case of a joint return for the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the marriage penalty reduction credit.

“(b) CREDIT DISALLOWED FOR INDIVIDUALS CLAIMING SECTION 911, ETC.—No credit shall be allowed under this section for any taxable year if either spouse claims the benefits of section 911, 931, or 933 for such taxable year.

“(c) MARRIAGE PENALTY REDUCTION CREDIT.—For purposes of this section—

“(1) IN GENERAL.—The marriage penalty reduction credit is an amount equal to the product of—

“(A) the excess (if any) of—

“(i) the amount of tax determined for such taxable year before the application of this section, over

“(ii) the amount of tax which would be determined for the taxable year if section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) were in effect, and

“(B) the applicable percentage for such taxable year.

“(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be determined in accordance with the following table:

For taxable years beginning in:	The applicable percentage is:
2000, 2001, and 2002	25
2003, 2004, and 2005	50
2006 and thereafter	75.

“(3) SUNSET UPON IMPLEMENTATION OF COMBINED RETURN.—The credit allowed under this section shall not apply to any taxable year for which section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) is in effect.

“(d) AMOUNT OF CREDIT TO BE DETERMINED BY USING TABLES.—

“(1) IN GENERAL.—The amount of the credit allowed by this section shall be determined by using tables prescribed by the Secretary.

“(2) REQUIREMENTS FOR TABLES.—The tables prescribed under paragraph (1) shall reflect the provisions of subsection (c).”

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

“Sec. 25B. Credit to reduce marriage tax penalty.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 203. MARRIAGE TAX PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking “AMOUNTS.—The earned” and inserting “AMOUNTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the earned”, and

(2) by adding at the end the following new subparagraph:

“(B) JOINT RETURNS.—In the case of a joint return for taxable years beginning after December 31, 2004, the phaseout amount determined under subparagraph (A) shall be increased by \$2,000.”

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

“(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting ‘calendar year 1995’ for ‘calendar year 1992’ in subparagraph (B) thereof, and

“(ii) in the case of the \$2,000 amount in subsection (b)(1)(B), by substituting ‘calendar year 2004’ for ‘calendar year 1992’ in subparagraph (B) of such section 1.”

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking “subsection (b)(2)” and inserting “subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 301. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2008.

SEC. 302. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

“(f) TERMINATION.—In the case of a decedent dying after December 31, 2008, this section shall not apply to property for which basis is provided by section 1022.”

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking “and” at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting “; and”, and by adding at the end the following:

“(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2008).”

SEC. 303. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application), as amended by title IV, is amended by redesignating section 1023 as section 1024 and inserting after section 1022 the following:

“SEC. 1023. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2008.

“(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

“(b) CARRYOVER BASIS PROPERTY DEFINED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘carryover basis property’ means any property—

“(A) which is acquired from or passed from a decedent who died after December 31, 2008, and

“(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

“(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term ‘carryover basis property’ does not include—

“(A) any item of gross income in respect of a decedent described in section 691,

“(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of this section, and

“(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed \$2,000,000.

For purposes of this paragraph and paragraph (3), the term ‘adjusted fair market value’ means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

“(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS \$1,300,000.—

“(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds \$1,300,000, but does not exceed \$2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to \$700,000.

“(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term ‘net appreciation’ means the excess of the adjusted fair market value over the decedent’s adjusted basis immediately before such decedent’s death.

“(4) INCLUDIBLE PROPERTY.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘includible property’ means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of this section:

- “(i) Section 2033.
- “(ii) Section 2038.
- “(iii) Section 2040.
- “(iv) Section 2041.
- “(v) Section 2042(a)(1).

“(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

“(C) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.”

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting “(other than by reason of section 1023)” after “is determined”.

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: “For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1023.”

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

“(47) EXECUTOR.—The term ‘executor’ means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.”

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding after the item relating to section 1022 the following new item:

“Sec. 1023. Carryover basis for certain property acquired from a decedent dying after December 31, 2008.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2008.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

SEC. 311. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over \$2,500,000	\$1,025,800, plus 50% of the excess over \$2,500,000.”
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(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as amended by subsection (b), is amended by adding at the end the following new paragraph:

“(2) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2001 and before 2009—

“(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

“(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

“(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

“(B) PERCENTAGE POINTS OF REDUCTION.—

For calendar year:	The number of percentage points is:
2002	1
2003	2
2004	3
2005	5
2006	7
2007	9
2008	11.

“(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

“(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

“(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

“(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).”

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2001.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

SEC. 321. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

“SEC. 2052. EXEMPTION.

“(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

“(1) the exemption amount for the calendar year in which the decedent died, over

“(2) the sum of—

“(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2000, and

“(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of this section). Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

“(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term ‘exemption amount’ means the amount determined in accordance with the following table:

In the case of calendar year:	The exemption amount is:
2001	\$675,000
2002 and 2003	\$700,000
2004	\$850,000
2005	\$950,000
2006 or thereafter	\$1,000,000.”

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by in-

serting before section 2522 the following new section:

“SEC. 2521. EXEMPTION.

“(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

“(1) the exemption amount determined under section 2052 for such calendar year, over

“(2) the sum of—

“(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2000, and

“(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of this section).”

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma “reduced by the amount of described in section 2052(a)(2)”.’

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: “For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of section 2052).”

(2) Subsection (f) of section 2011 is amended by striking “, reduced by the amount of the unified credit provided by section 2010”.

(3) Subsection (a) of section 2012 is amended by striking “and the unified credit provided by section 2010”.

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence “and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax”.

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking “2010,”.

(6) Paragraph (2) of section 2014(b) is amended by striking “2010,”.

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

“(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of section 2052) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year.”

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

“(4) EXEMPTION.—

“(A) IN GENERAL.—An exemption of \$60,000.

“(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

“(i) \$60,000, or

"(ii) that proportion of \$175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

"(C) SPECIAL RULES.—

"(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

"(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of section 2052) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed)."

(10) Subsection (c) of section 2107 is amended—

(A) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(12) Section 2207 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

"(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate."

(14) Subsection (a) of section 2503 is amended by striking "section 2522" and inserting "section 2521".

(15) Paragraph (1) of section 6018(a) is amended by striking "\$600,000" and inserting "the exemption amount under section 2052 for the calendar year which includes the date of death".

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

"(A) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the excess of \$1,000,000 over the exemption amount allowable under section 2052, or".

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue

Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

TITLE IV—CAPITAL FORMATION

SEC. 401. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

"SEC. 1022. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

"(a) GENERAL RULE.—

"(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Except as provided in paragraph (2), if an indexed asset which has been held for more than 1 year is sold or otherwise disposed of, then, for purposes of this title, the indexed basis of the asset shall be substituted for its adjusted basis.

"(2) EXCEPTION FOR DEPRECIATION, ETC.—The deduction for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

"(b) INDEXED ASSET.—

"(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

"(A) stock in a corporation, and

"(B) tangible property (or any interest therein), which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

"(2) CERTAIN PROPERTY EXCLUDED.—For purposes of this section, the term 'indexed asset' does not include—

"(A) CREDITOR'S INTEREST.—Any interest in property which is in the nature of a creditor's interest.

"(B) OPTIONS.—Any option or other right to acquire an interest in property.

"(C) NET LEASE PROPERTY.—In the case of a lessor, net lease property (within the meaning of subsection (h)(1)).

"(D) CERTAIN PREFERRED STOCK.—Stock which is preferred as to dividends and does not participate in corporate growth to any significant extent.

"(E) STOCK IN CERTAIN CORPORATIONS.—Stock in—

"(i) an S corporation (within the meaning of section 1361),

"(ii) a personal holding company (as defined in section 542), and

"(iii) a foreign corporation.

"(3) EXCEPTION FOR STOCK IN FOREIGN CORPORATION WHICH IS REGULARLY TRADED ON NATIONAL OR REGIONAL EXCHANGE.—Clause (iii) of paragraph (2)(E) shall not apply to stock in a foreign corporation the stock of which is listed on the New York Stock Exchange, the American Stock Exchange, or any domestic regional exchange for which quotations are published on a regular basis other than—

"(A) stock of a foreign investment company (within the meaning of section 1246(b)), and

"(B) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2).

"(c) INDEXED BASIS.—For purposes of this section—

"(1) GENERAL RULE.—The indexed basis for any asset is—

"(A) the adjusted basis of the asset, increased by

"(B) the applicable inflation adjustment.

"(2) APPLICABLE INFLATION ADJUSTMENT.—The applicable inflation adjustment for any asset is an amount equal to—

"(A) the adjusted basis of the asset, multiplied by

"(B) the percentage (if any) by which—

"(i) the chain-type price index for GDP for the last calendar quarter ending before the asset is disposed of, exceeds

"(ii) the chain-type price index for GDP for the last calendar quarter ending before the asset was acquired by the taxpayer. The percentage under subparagraph (B) shall be rounded to the nearest $\frac{1}{10}$ of 1 percentage point.

"(3) CHAIN-TYPE PRICE INDEX FOR GDP.—

The chain-type price index for GDP for any calendar quarter is such index for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

"(d) SPECIAL RULES.—For purposes of this section—

"(1) TREATMENT AS SEPARATE ASSET.—In the case of any asset, the following shall be treated as a separate asset:

"(A) a substantial improvement to property,

"(B) in the case of stock of a corporation, a substantial contribution to capital, and

"(C) any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

"(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—

"(A) IN GENERAL.—The applicable inflation ratio shall be appropriately reduced for calendar months at any time during which the asset was not an indexed asset.

"(B) CERTAIN SHORT SALES.—For purposes of applying subparagraph (A), an asset shall be treated as not an indexed asset for any short sale period during which the taxpayer or the taxpayer's spouse sells short property substantially identical to the asset. For purposes of the preceding sentence, the short sale period begins on the day after the substantially identical property is sold and ends on the closing date for the sale.

"(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

"(4) SECTION CANNOT INCREASE ORDINARY LOSS.—To the extent that (but for this paragraph) this section would create or increase a net ordinary loss to which section 1231(a)(2) applies or an ordinary loss to which any other provision of this title applies, such provision shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the ordinary loss to which the preceding sentence applies.

"(5) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

"(6) COLLAPSIBLE CORPORATIONS.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

"(e) CERTAIN CONDUIT ENTITIES.—

"(1) REGULATED INVESTMENT COMPANIES; REAL ESTATE INVESTMENT TRUSTS; COMMON TRUST FUNDS.—

"(A) IN GENERAL.—Stock in a qualified investment entity shall be an indexed asset for any calendar month in the same ratio as the fair market value of the assets held by such entity at the close of such month which are indexed assets bears to the fair market value of all assets of such entity at the close of such month.

"(B) RATIO OF 90 PERCENT OR MORE.—If the ratio for any calendar month determined under subparagraph (A) would (but for this

subparagraph) be 90 percent or more, such ratio for such month shall be 100 percent.

“(C) RATIO OF 10 PERCENT OR LESS.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 10 percent or less, such ratio for such month shall be zero.

“(D) VALUATION OF ASSETS IN CASE OF REAL ESTATE INVESTMENT TRUSTS.—Nothing in this paragraph shall require a real estate investment trust to value its assets more frequently than once each 36 months (except where such trust ceases to exist). The ratio under subparagraph (A) for any calendar month for which there is no valuation shall be the trustee's good faith judgment as to such valuation.

“(E) QUALIFIED INVESTMENT ENTITY.—For purposes of this paragraph, the term ‘qualified investment entity’ means—

“(i) a regulated investment company (within the meaning of section 851),

“(ii) a real estate investment trust (within the meaning of section 856), and

“(iii) a common trust fund (within the meaning of section 584).

“(2) PARTNERSHIPS.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

“(3) SUBCHAPTER S CORPORATIONS.—In the case of an electing small business corporation, the adjustment under subsection (a) at the corporate level shall be passed through to the shareholders.

“(f) DISPOSITIONS BETWEEN RELATED PERSONS.—

“(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

“(2) RELATED PERSONS DEFINED.—For purposes of this section, the term ‘related persons’ means—

“(A) persons bearing a relationship set forth in section 267(b), and

“(B) persons treated as single employer under subsection (b) or (c) of section 414.

“(g) TRANSFERS TO INCREASE INDEXING ADJUSTMENT OR DEPRECIATION ALLOWANCE.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is—

“(1) to secure or increase an adjustment under subsection (a), or

“(2) to increase (by reason of an adjustment under subsection (a)) a deduction for depreciation, depletion, or amortization, the Secretary may disallow part or all of such adjustment or increase.

“(h) DEFINITIONS.—For purposes of this section—

“(1) NET LEASE PROPERTY DEFINED.—The term ‘net lease property’ means leased real property where—

“(A) the term of the lease (taking into account options to renew) was 50 percent or more of the useful life of the property, and

“(B) for the period of the lease, the sum of the deductions with respect to such property which are allowable to the lessor solely by reason of section 162 (other than rents and reimbursed amounts with respect to such property) is 15 percent or less of the rental income produced by such property.

“(2) STOCK INCLUDES INTEREST IN COMMON TRUST FUND.—The term ‘stock in a corporation’ includes any interest in a common trust fund (as defined in section 584(a)).

“(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of such chapter 1 is amended by inserting after the

item relating to section 1021 the following new item:

“Sec. 1022. Indexing of capital assets for purposes of determining gain or loss.”

(c) ADJUSTMENT TO APPLY FOR PURPOSES OF DETERMINING EARNINGS AND PROFITS.—Subsection (f) of section 312 (relating to effect on earnings and profits of gain or loss and of receipt of tax-free distributions) is amended by adding at the end thereof the following new paragraph:

“(3) EFFECT ON EARNINGS AND PROFITS OF INDEXED BASIS.—

“For substitution of indexed basis for adjusted basis in the case of the disposition of capital assets after December 31, 1999, see section 1022(a)(1).”

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to the disposition of any property the holding period of which begins after December 31, 1999.

(2) CERTAIN TRANSACTIONS BETWEEN RELATED PERSONS.—The amendments made by this section shall not apply to the disposition of any property acquired after December 31, 1999, from a related person (as defined in section 1022(f)(2) of the Internal Revenue Code of 1986, as added by this section) if—

(A) such property was so acquired for a price less than the property's fair market value, and

(B) the amendments made by this section did not apply to such property in the hands of such related person.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

SEC. 501. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

“(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 502. DEDUCTION FOR HEALTH INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

“SEC. 222. HEALTH INSURANCE COSTS.

“(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act) which constitutes medical care (as defined in section 213(d)(1) (A) and (B)) for the taxpayer and the taxpayer's spouse and dependents.

“(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

“For taxable years beginning in calendar year—

in calendar year—	The applicable percentage is—
2001, 2002, 2003	25
2004 and 2005	50
2006 and thereafter	100.

“(c) LIMITATION BASED ON OTHER COVERAGE.—

“(1) COVERAGE UNDER CERTAIN SUBSIDIZED EMPLOYER PLANS.—

“(A) IN GENERAL.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B and without regard to payments made with respect to any coverage described in subsection (e)) is paid or incurred by the employer.

“(B) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

“(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

“(2) COVERAGE UNDER CERTAIN FEDERAL PROGRAMS.—

“(A) IN GENERAL.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

“(i) title XVIII, XIX, or XXI of the Social Security Act,

“(ii) chapter 55 of title 10, United States Code,

“(iii) chapter 17 of title 38, United States Code,

“(iv) chapter 89 of title 5, United States Code, or

“(v) the Indian Health Care Improvement Act.

“(B) EXCEPTION FOR CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

“(d) DEDUCTION NOT AVAILABLE FOR PAYMENT OF ANCILLARY COVERAGE PREMIUMS.—Any amount paid as a premium for insurance which provides for—

“(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

“(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized,

shall not be taken into account under subsection (a).

“(e) SPECIAL RULES.—

“(1) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

“(2) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

“(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate.”

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

“(18) HEALTH INSURANCE COSTS.—The deduction allowed by section 222.”

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 222. Health insurance costs.

"Sec. 223. Cross reference."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

NICKLES AMENDMENTS NOS. 1406–1407

(Ordered to lie on the table.)

Mr. NICKLES submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1406

At the end of title VI, insert:

SEC. ____ DEFINITION OF FACILITIES FOR AGENT-DRIVERS AND COMMISSION-DRIVERS.

(a) INTERNAL REVENUE CODE.—The flush language at the end of section 3121(d)(3) is amended by inserting "(including distribution routes or territories)" after "facilities" the first place it appears.

(b) SOCIAL SECURITY ACT.—The flush language at the end of section 210(j)(3) of the Social Security Act is amended by inserting "(including distribution routes or territories)" after "facilities" the first place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed after December 31, 1999.

AMENDMENT NO. 1407

On page 432, line 12, after the end period, insert the following: "For purposes of the preceding sentence, an entity shall be treated as such a controlled entity on July 14, 1999, if it becomes such an entity after such date in a transaction—

"(A) made pursuant to a written agreement which was binding on such date and at all times thereafter, or

"(B) described on or before such date in a filing with the Securities and Exchange Commission required solely by reason of the transaction."

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

BURNS (AND CRAIG) AMENDMENT NO. 1408

(Ordered to lie on the table.)

Mr. BURNS (for himself and Mr. CRAIG) submitted an amendment intended to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

Insert in general provisions the following:

None of the funds made available by this Act may be used for the physical relocation of grizzly bears into the Selway-Bitterroot Wilderness of Idaho and Montana.

TAXPAYER REFUND ACT OF 1999

SHELBY AMENDMENTS NOS. 1409–1410

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1409

On page 245, between lines 3 and 4, insert the following:

Subtitle E—Miscellaneous Provisions

SECTION 741. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

(a) IN GENERAL.—Subchapter B of chapter 62 (relating to extensions of time for payment) is amended by adding at the end the following:

"SEC. 6168. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

"(a) IN GENERAL.—In the case of an interest in a qualified timber property which is included in determining the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States, the executor may elect to pay part or all of the tax imposed by section 2001 on or before the date which is the earliest of—

"(1) the date the property is no longer qualified timber property,

"(2) the date the individual who inherited the interest in the qualified timber property either transfers the interest or dies, or

"(3) the date which is 25 years after the date of death of the decedent.

"(b) LIMITATION.—The maximum amount of tax which may be paid under this subsection shall be an amount which bears the same ratio to the tax imposed by section 2001 (reduced by the credits against such tax) as—

"(1) the fair market value of the interest in the qualified timber property, bears to

"(2) the adjusted gross estate of the decedent.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED TIMBER PROPERTY.—The term 'qualified timber property' means trees and any real property on which such trees are growing which is—

"(A) located in the United States, and

"(B) used in timber operations (as defined in section 2032A(e)(13)(C)).

"(2) ADJUSTED GROSS ESTATE.—The term, 'adjusted gross estate' means the value of the gross estate reduced by the sum of the amounts allowable as a deduction under section 2053 or 2054. Such sum shall be determined on the basis of the facts and circumstances in existence on the date (including extensions) for filing the return of tax imposed by section 2001 (or, if earlier, the date on which such return is filed).

"(3) CERTAIN TRANSFERS AT DEATH OF HEIR DISREGARDED.—Subsection (a)(2) shall not apply to any transfer by reason of death so long as such transfer is to a member of the family (within the meaning of section 267(c)(4)) of the transferor in such transfer.

"(d) ELECTION.—Any election under subsection (a) shall be made not later than the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe. If an election under subsection (a) is made, the provisions of this subtitle shall apply as though the Secretary were extending the time for payment of the tax.

"(e) TIME FOR PAYMENT OF INTEREST.—If the time for payment of any amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid at the time of the payment of the tax.

"(f) SPECIAL RULE FOR CERTAIN DIRECT SKIPS.—To the extent that an interest in a qualified timber property is the subject of a

direct skip (within the meaning of section 2612(c)) occurring at the same time as and as a result of the decedent's death, then for purposes of this section any tax imposed by section 2601 on the transfer of such interest shall be treated as if it were additional tax imposed by section 2001.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to the application of this section.

"(h) CROSS REFERENCES.—

"(1) SECURITY.—For authority of the Secretary to require security in the case of an extension under this section, see section 6165.

"(2) LIEN.—For special lien (in lieu of bond) in the case of an extension under this section, see section 6324A.

"(3) PERIOD OF LIMITATION.—For extension of the period of limitation in the case of an extension under this section, see section 6503(d).

"(4) INTEREST.—For provisions relating to interest on tax payable under this section, see subsection (j) of section 6601."

(b) CONFORMING AMENDMENTS.—

(1) Section 163(k) is amended by striking "6166" in the heading and the text and inserting "6166 or 6168".

(2) Section 2053(c)(1)(D) is amended—

(A) by striking "6166" and inserting "6166 or 6168", and

(B) by striking "6166" in the heading and inserting "6166 OR 6168".

(3) The following provisions are amended by striking "or 6166" each place it appears and inserting "6166, or 6168":

(A) Section 2056A(b)(10)(A).

(B) Section 2204(a).

(C) Section 2204(b).

(D) Section 6503(d).

(4) Section 2011(c)(2) is amended by striking "or 6166" and inserting "6166, or 6168":

(5) The following provisions are amended by inserting "or 6168" after "6166" each place it appears:

(A) Section 2204(c).

(B) Section 6601(j) (except the second sentence of paragraph (1)).

(C) Section 7481(d).

(6) Section 6161(a)(2) is amended—

(A) in subparagraph (A), by striking "or" at the end,

(B) in subparagraph (B), by adding "or" at the end,

(C) in the matter following subparagraph (B)—

(i) by striking "subparagraph (B)" and inserting "subparagraph (B) or (C)", and

(ii) by inserting "or payment" after "installment", and

(D) by inserting after subparagraph (B) the following:

"(C) any part of the payment determined under section 6168."

(7) Section 6324A is amended—

(A) by adding at the end the following:

"(f) APPLICATION OF SECTION TO DEFERRED TAX UNDER SECTION 6168.—Rules similar to the rules of this section shall apply to the amount of tax and interest deferred under section 6168 (determined as of the date prescribed by section 6151(a) for payment of the tax imposed by chapter 11)," and

(B) in the title, by striking "ESTATE TAX DEFERRED UNDER SECTION 6166" and inserting "DEFERRED ESTATE TAX".

(8) The table of sections for subchapter B of chapter 62 is amended by adding at the end the following:

"Sec. 6168. Extension of time for payment of estate tax on certain timber stands."

(9) The item relating to section 6324A in the table of sections for subchapter C of chapter 64 is amended by striking "estate tax deferred under section 6166" and inserting "deferred estate tax".